

C. Quality, Service and Labor Utilization

In Phase I, (Quick Results)

- The Hopper was developed, preliminary work estimates were developed and an approach to measure quality and service was established.

Phase II, (Main Installation)

- The Hopper has been installed and is being used as a work simulation to evaluate Service Representative performance (Quality and Productivity) capabilities, and as a supplement to the workload to enable the managers to meet performance expectations.
- Work to Time Relationships (RE's) have been established for each activity that the LCSC currently performs.
- Quality measures have been established and will be measured by Service Representative. There will be two quality measures, First Time Quality and Orders Pending on the Questionable Activity Report. First Time Quality will measure the ability of the Service Representative to process an order, error free. Orders Pending on the Questionable Activity Report will ensure that orders are cleared on a timely basis when and if they have errors. Reformatting of the Questionable Activity Report is complete.
- Service measures have been established: (See Service Indicators Chart)
 - Order processing duration is measured in hours from the point of receipt to firm order commitment time (FOC). In May average duration was 56.9 hours. First week of July average duration 30.9 hours, a 46% improvement.
 - Percent of LSRs processed within 48 hours in May was 50%, the first week of July was 76%, a 52% improvement.
 - Percent of calls answered within 16 seconds is about 90%. Trend from May through June has 5% improvement trend.
 - Percent of calls abandoned is about 17%. Trend from May through June has a 23% improvement trend.
- The Service indicators demonstrate a significant improvement and are currently meeting reasonable expectations. In Phase III new targets will be established.
- Productivity has improved 74% since first two weeks of Project, as measured in LSRs processed per hour. (See Three Part Graph - LSRs Per Hour)
- When measured by SOCS orders generated, the Productivity improvement is 94%. (See Three Part Graph - SOCS Orders Per Hour)
- From March 23rd through July 6th, SOCS orders generated has increased at a rate of 12% per week. (See SOCS Orders Generated Graph)

IV Support Organization

A. Force Sizing / Forecast Feedback Loop

In Phase I, (Quick Results)

- An activity based force-sizing model was developed.

Phase II, (Main Installation)

- Defined and began tracking key forecast indicators by Resale, UNE and Complex.
- Changes made to Order Tracking System to provide more definition to types of LSRs being processed.

B. Project Schedule

In Phase I, (Quick Results)

- Defined what a Project Schedule should be, developed format and defined Key events.

Phase II, (Main Installation)

- Project Schedule developed with appropriate level of detailed activities to focus the actions of the support organization and better insure they are working on the appropriate items.
- Schedule dates have been developed to better communicate expectations and priorities.
- Structured weekly staff meetings have been installed with status reports and status to schedule. It also gives them the ability to get assistance on items that may be in danger of missing scheduled due dates.

C. Capabilities

In Phase I, (Quick Results)

- The Hopper concept was developed to enable artificial work to be input in order to test capabilities.

Phase II, (Main Installation)

- The Hopper has been installed into the LCSC operations and has provided the ability to not only tests the departmental theoretical capabilities but also the individual Service Representative capabilities.
- Current staffing and demonstrated performance place the LCSC capabilities at 2065 LSRs per day. In the month of June, 23% of the work force was either in training, absent or on vacation, therefore the true tested capability of 1590 LSRs per day is more than twice the current level of work sent in by the CLECs. (See Capacity Graph)

- The current level of processing stands at 742 per day (June Average). In June, 10% of the LSRs processed were test (Hopper) orders.

V. Training and Development

A. Selection & Screening Process

In Phase I, (Quick Results)

- Definition of skill requirements was defined and appropriate testing determined and installed to screen for these entry-level skills.

Phase II, (Main Installation)

- The expectations of a functional Service Representative were defined. A site visit for all new LCSC candidates will include a review of performance expectations (Quality and Efficiency).

B. Content of course material and testing

In Phase I, (Quick Results)

- Developed comprehension tests to validate learning process and instituted some changes in the delivery and content of course material.

Phase II, (Main Installation)

- Developed work simulation evaluation using the Hopper to appraise Service Representative's capabilities (Quality and Efficiency). Creating a Modular Training agenda for Single Line Resale (DOE) that will reduce training time from six weeks to two weeks. For a few who do not pass the work simulation, there will be a follow up instruction for three days. All the modules have comprehension testing. The comprehension testing will be administered prior to the training and after the module has been delivered.
- Modular Training Agendas need to be prepared for the other order types next.
- LEO training module format, content, and delivery has taken place. LEO Module developed to increase capacity of LCSC to handle AT&T volume received through LEO. From beginning to end, the development of the module through the delivery of all Atlanta personnel took three weeks.
- Results of LEO training in Atlanta:
 - Prior to training in late May, the Work in Process bucket contained 217 PONS. After training on July 3rd, the Work in Process bucket contained 46 PONS, only 4 of which required management attention.
 - Percent of AT&T LSRs processed within 24 hours improved 7%, (89% to 95%). (See AT&T FOC's under 24 hours chart)
 - LSRs per hour improved 89%. (0.90 to 1.70 LSRs per Hour). (See AT&T LSRs per hour chart)

PHASE III (Adjust and Follow up)

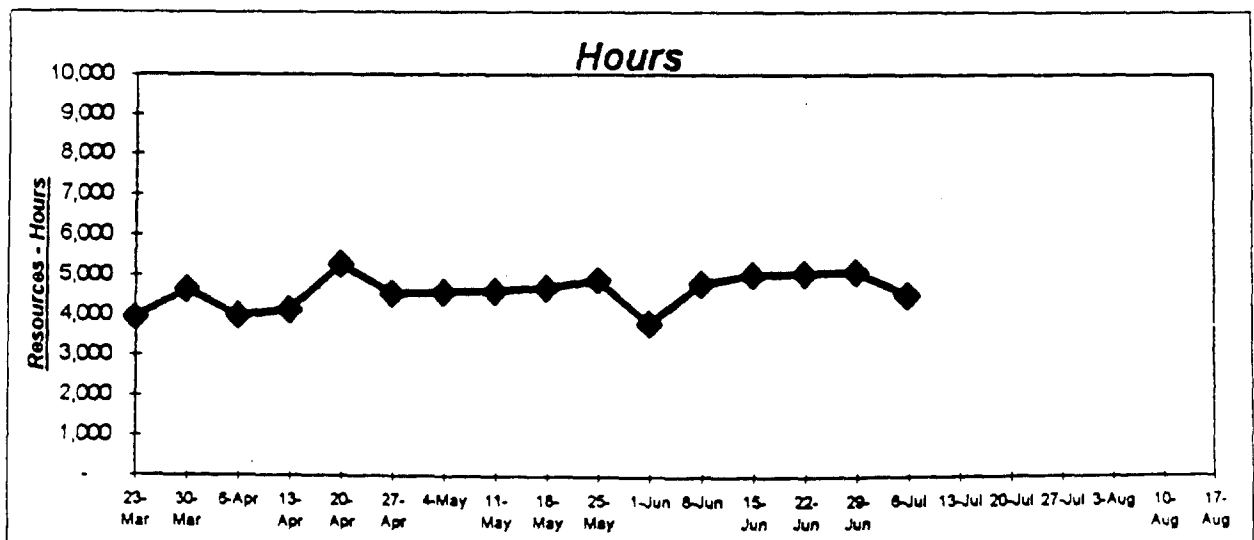
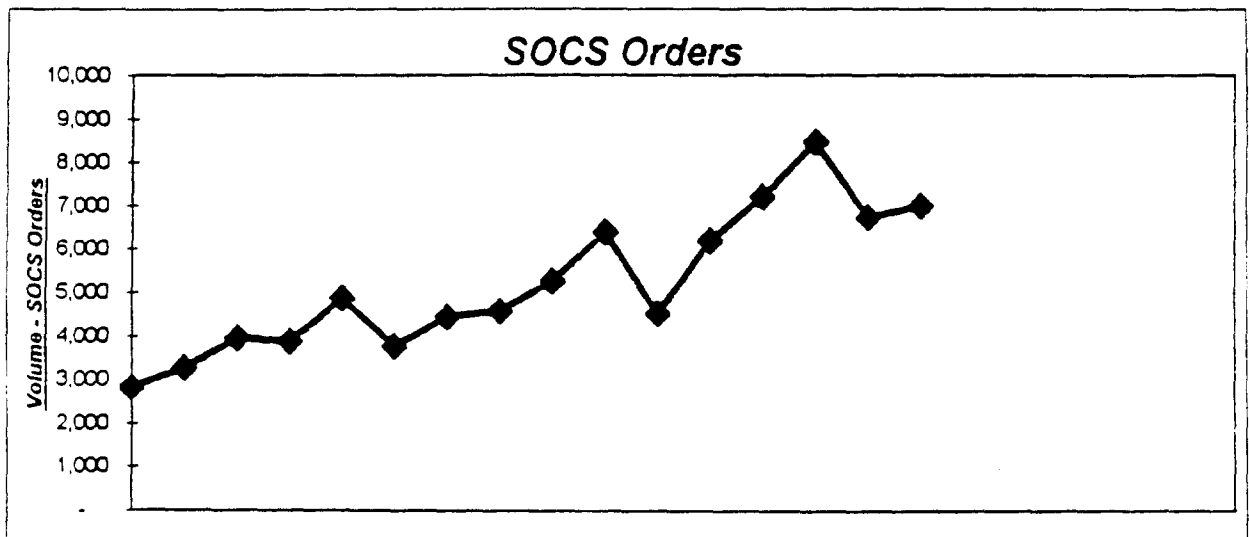
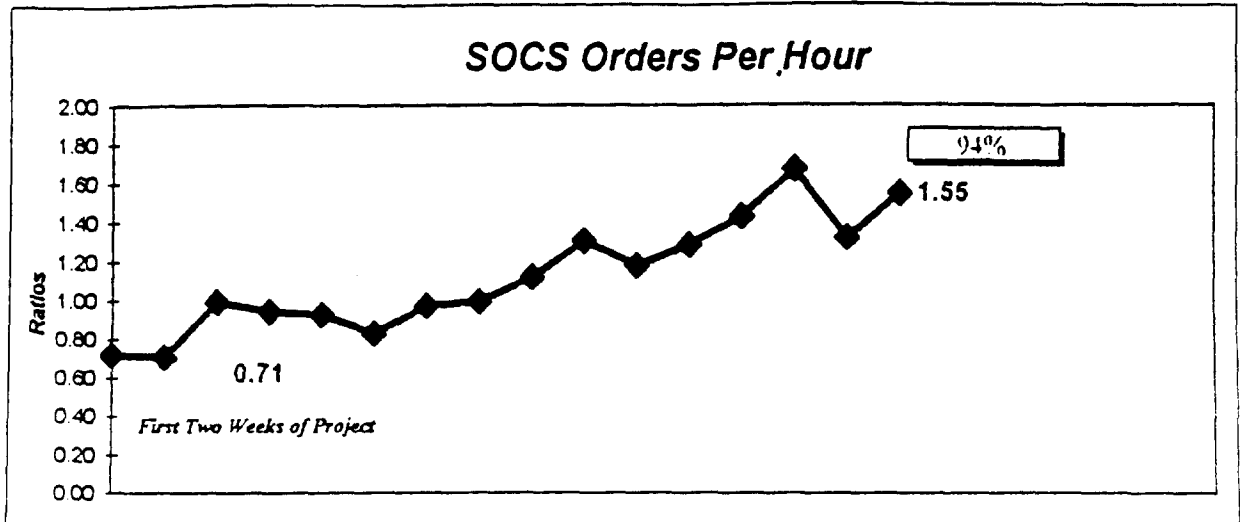
- All Phase III items are in process.
- Phase III Key Events:
 - Formalize system procedures developed and installed.
 - Implement Service Representative Continuous Development Process
 - Develop CLEC evaluation method.
 - Further increase LCSC capabilities.
 - Develop compliance audits.

SUMMARY OF FINDINGS AND APPROACH

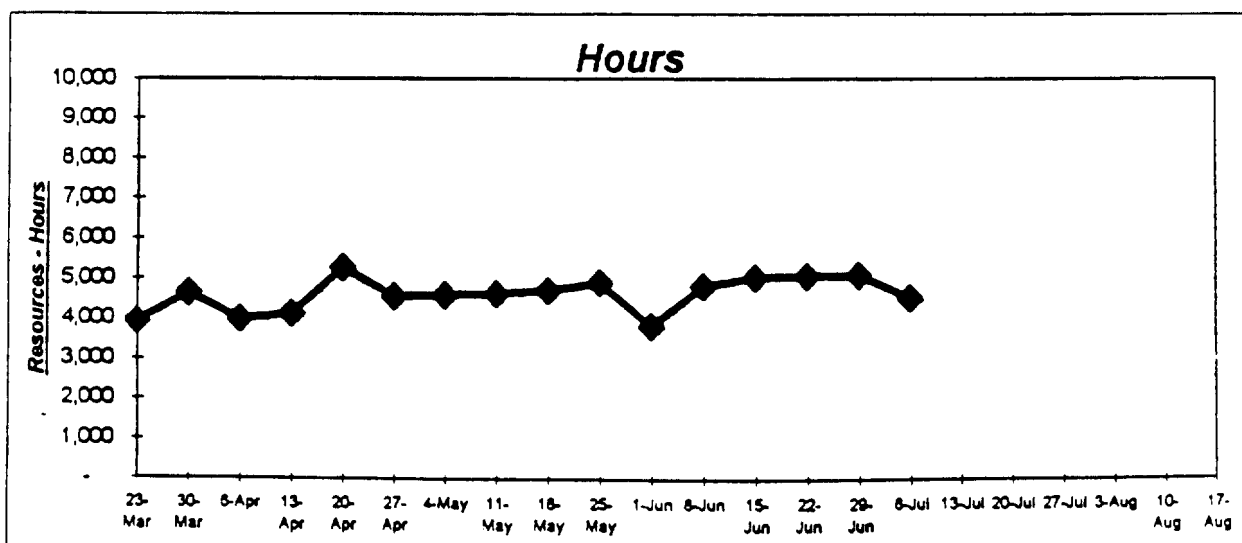
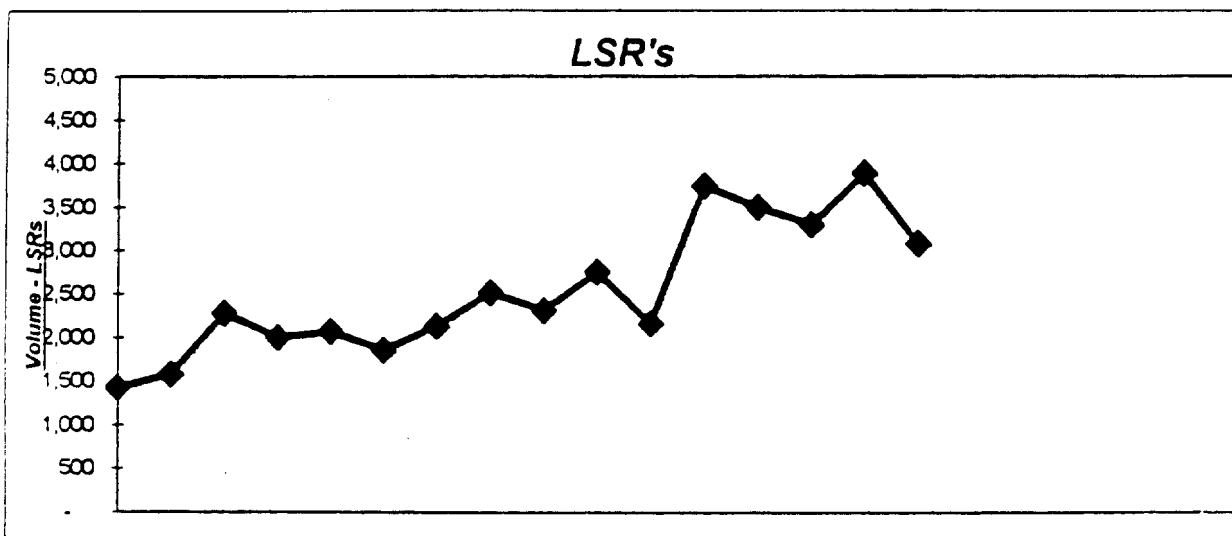
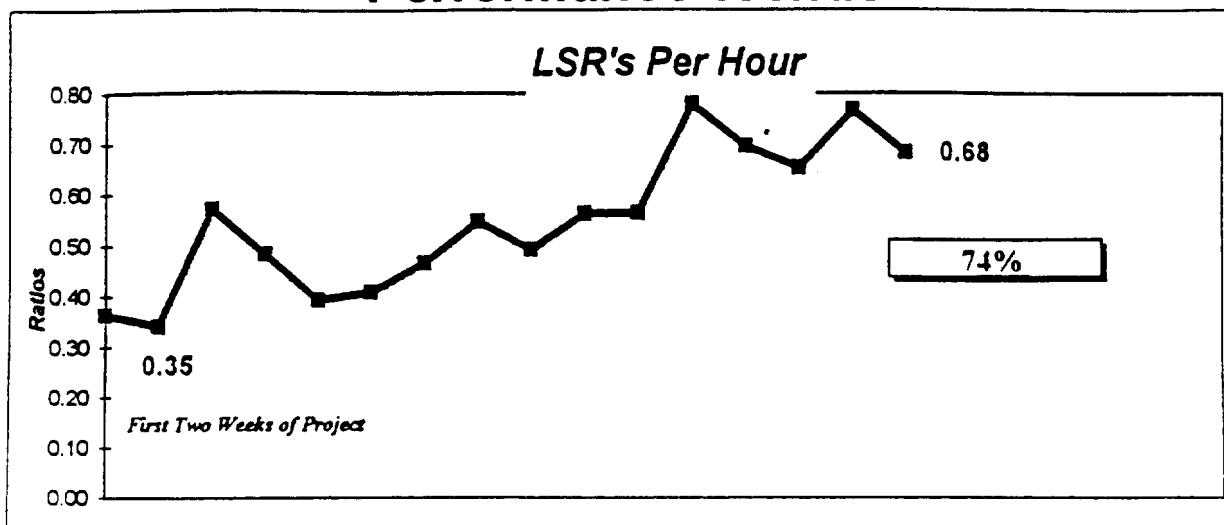
Updated: June 20, 1997 Week 14 of 22

			PHASES FOR DELIVERABLES		
AREAS	FINDINGS	PROPOSALS	QUICK RESULTS PHASE I	MAIN INSTALLATION PHASE II	ADJUST & FOLLOW-UP PHASE III
T. OPERATING	ELEMENTS EXITS, BUT REQUIRES	DESIGN AND INSTALL ELEMENTS			UPGRADE FORECAST
EM (MOS)	UPGRADES				FORMALIZE PROCEDURES
PROCESS	NEEDS BETTER DEFINITION, AND SIMPLER	INSTALL PREDICTABILITY OF EXECUTION			ALIGN PROCESS FLOWS AND PROCEDURES
	NEEDS TO INTERNALIZE UP-GRADES	AND KNOW HOW TO REPEAT PROCESS			INSTALL PROCESS WITH LCSC MGMT
LOYEE SKILLS	INCOMPLETE TRAINING - DELIVERY & CONTENT	FILL THE GAPS IN TRAINING			IMPLEMENT COACHING AND DEVELOPMENT PROCEDURES
	LACKS ON THE FLOOR SUPPORT AND EVALUATION	DELIVER FUNCTIONAL REPS			IDENTIFY AND SCHEDULE REMEDIAL TRAINING REQUIREMENTS
AGEMENT	LACKS STRUCTURED PARTICIPATION	DEVELOP BEHAVIOR MODEL			INSTALL CONTINUOUS DEVELOPMENT PROGRAM
IVIOR		EVALUATE AND INSTALL			FOCUS ON PERFORMANCE
AGEMENT	PASSIVE IN ASSIGNMENT / FOLLOW UP	PROACTIVE ENGAGEMENT			INSTALL WEEKLY TEAM MEETINGS
TUDES					EMPLOYEE INVOLVMENT IN PROBLEM SOLVING
LITY / SERVICE	NO EFFECTIVE MEASURES	DEVELOP TESTING PROCESS			IMPROVE FIRST TIME QUALITY TO 85%
		DEVELOP REPORTS			DEVELOP CLEC EVALUATION METHOD
OR UTILIZATION	DOCUMENTED 15 - 39% LABOR WASTED	REDUCE LOST TIME THROUGH TRAINING			TE RE'S AND PERFORMANCE FACTORS TO FORCE SIZING MODELS
		END SUPERVISORY INTERVENTION			TEST MAXIMUM CAPABILITY THROUGH HOPPER ORDERS.
ALS AND	LACKS SYNERGY AND INTEGRATED	DEFINE THE OBJECTIVES AND MEASURES			MONITOR ATTAINMENT TO GAINS IN PERFORMANCE
RATEGIES	PLAN	IMPROVE SYNERGY-SUPPORT & OPERATIONS			MONITOR QUALITY AND SERVICE OBJECTIVES RESULTS
			SUMMARY		
COMPLETE			100%	100%	0%
BEHIND SCHEDULE			0%	0%	0%
NOT STARTED			0%	0%	0%

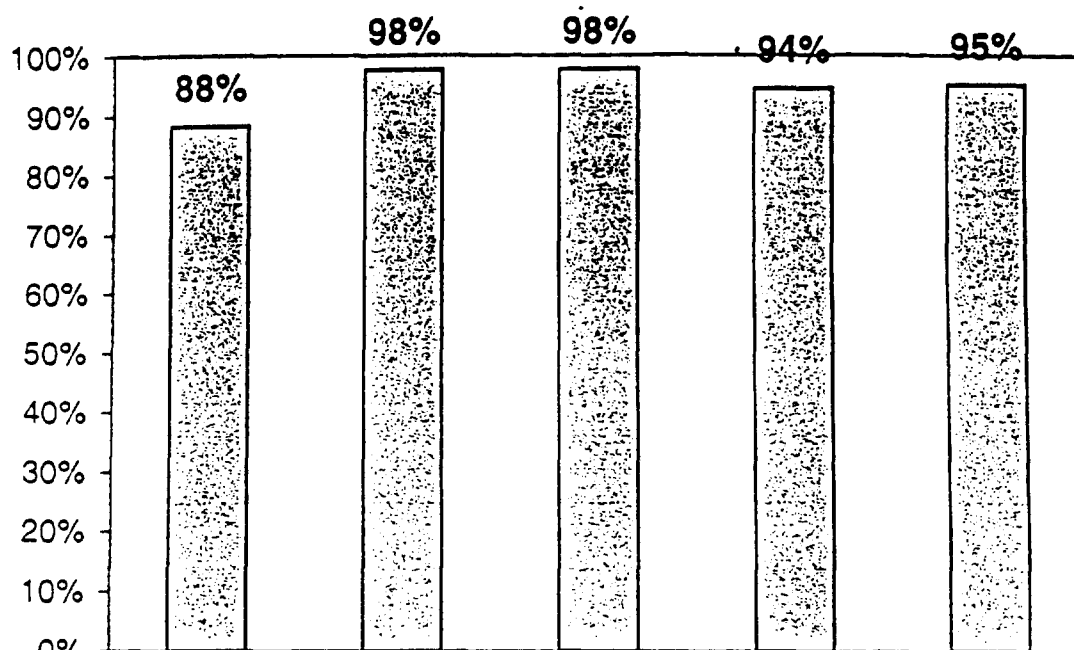
Performance Trends



Performance Trends

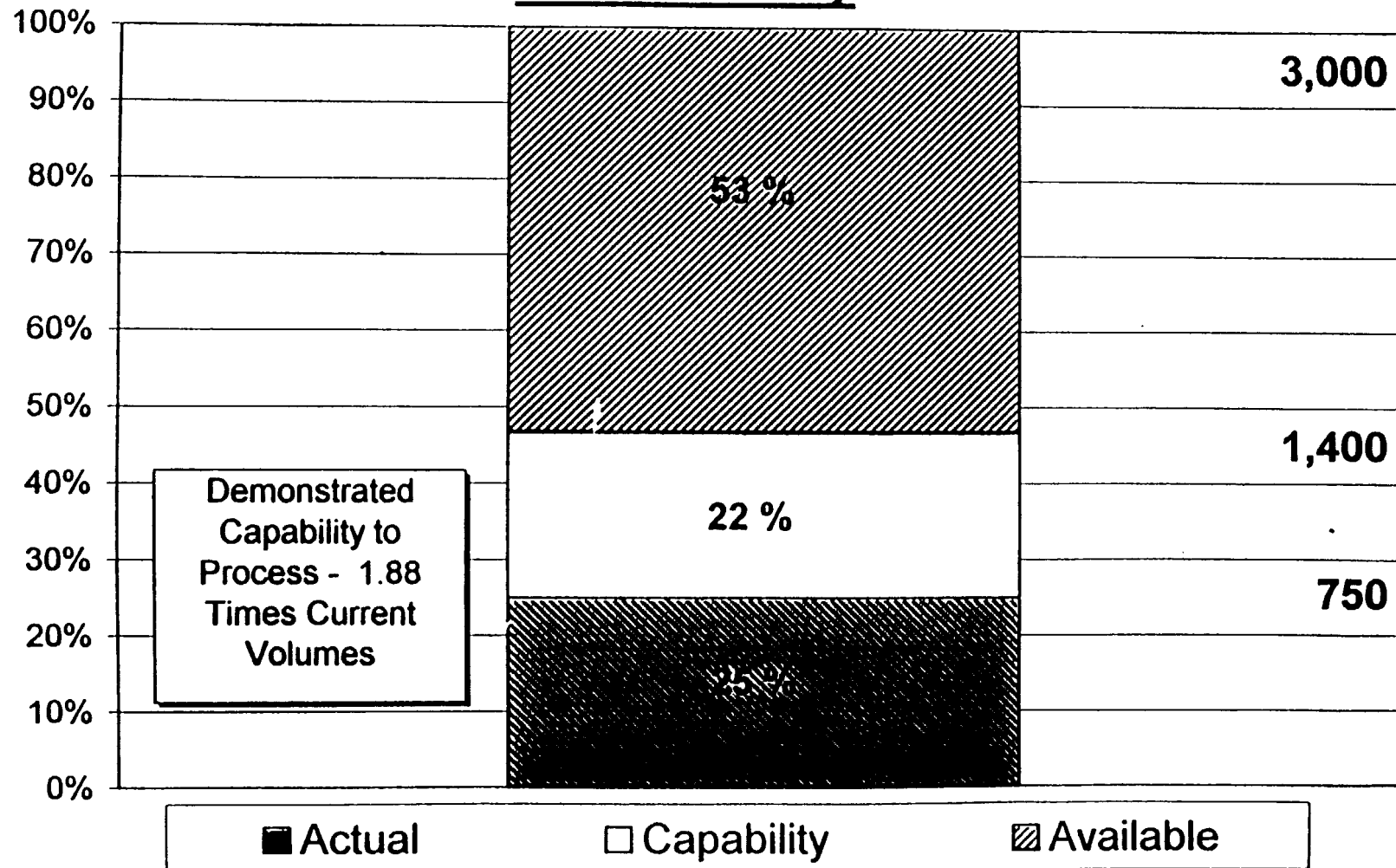


AT&T FOCs Under 24 Hours



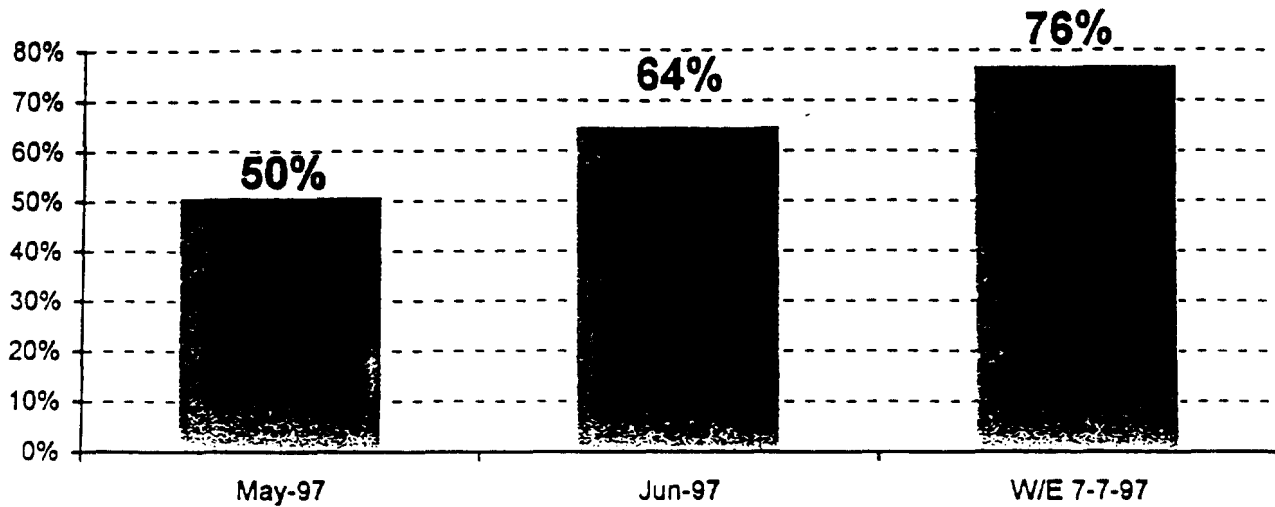
Date	1-Jun	8-Jun	15-Jun	22-Jun	29-Jun
FOCd > 24 Hours	22	1	2	6	8
FOCd < 24 Hours	167	42	86	103	156
Total	189	43	88	109	164
Percent	88%	98%	98%	94%	95%

Capacity **LSRs Per Day**

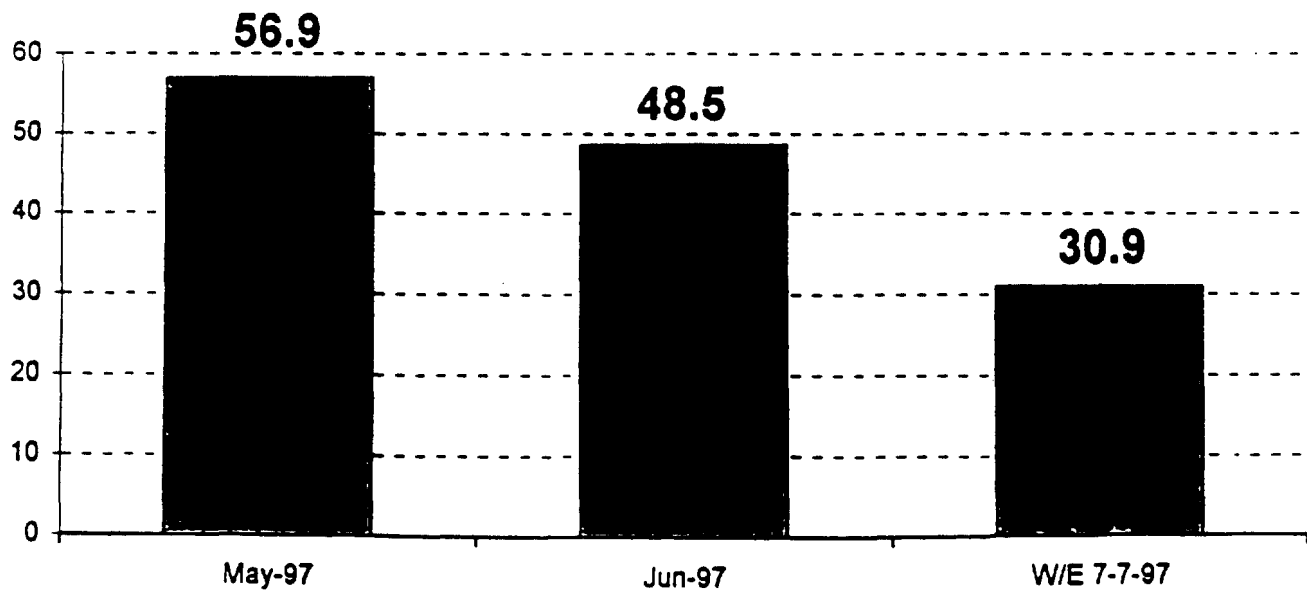


SERVICE INDICATORS

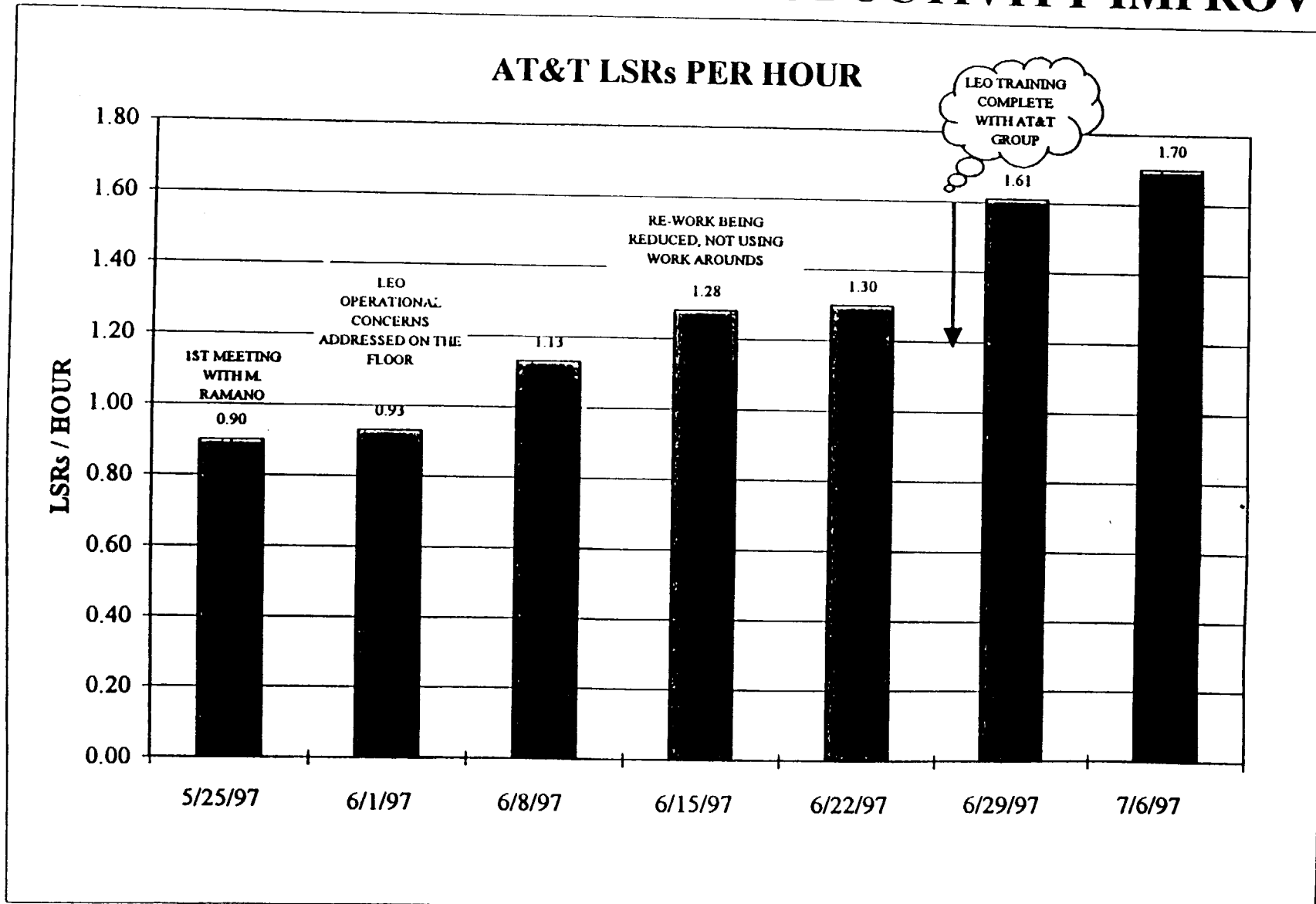
% OF LSR'S FOC'D < 48 HOURS



DURATION TIME - LCSC



AS WE RESOLVE BARRIERS PRODUCTIVITY IMPROVES



EXECUTIVE UPDATE

PHASE III – ADJUST AND FOLLOW UP

Date: August 15, 1997

To: Krista Tillman, Operations Vice President
BellSouth, Interconnection Services

From: James LaRue, Chief of Operations
DeWolff, Boberg and Associates

Project #: 9706

Project: LCSC (Local Carrier Service Center)

- This project involves the LCSCs located in Birmingham, AL and Atlanta, GA, along with the service support groups located at the BellSouth Center Atlanta.
- The project was authorized for a 22-week period - to start March 17, 1997 and to finish August 15, 1997. This is the status report for the end of Phase III of the project.
- The purpose of this project is to accelerate Operational Readiness. Four key deliverables of this project include:
 - Detailed process flows that are validated, tested and measured.
 - Improved Training process that delivers qualified candidates.
 - Define Key Performance Indicators.
 - Enhance and install Management Operating System to effectively manage the Key Performance Indicators.
- The major benefits of this effort are:
 - Improved operational efficiency.
 - Enhanced service & quality to CLECs.
 - Assured Operational Readiness to meet end-of-year CLECs forecasts.
 - Significant ongoing expense reduction.

I. PROJECT PHASES

- A. Quick Results** - Weeks 1 through 7 – Phase I of the project focused on gaining control of the work and establishing the correct management behaviors / disciplines.
- B. Main Installation** - Weeks 8 through 15 – Phase II of the project focused on testing the capability of the group, and tightening the management routines/systems for controlling performance. Increasing capability towards theoretical capacity is inclusive of working at the right quality and providing competitive service at the appropriate cost. Theoretical capacity has been set using managers actual observations calculated to 3.98 LSRs per employee hour (30 per day/employee). Note; the theoretical capacity is based on the current volume mix and level of automation. "The Hopper" is a process that validates the center's capability by having a ready backlog of test orders to supplement the orders received. The concept of introducing test orders was developed and successfully installed and is currently being used to ensure operational capabilities are ahead of the customer requirements.
- C. Adjust and Follow Up** - Weeks 16 through 22 - Phase III of the project focus was to set new targets (raise the bar), incorporate new products, perpetuate performance, and make adjustments as required. Also, to continue to make progress in alleviating fundamental barriers that are not in BellSouth's control. The fundamental barriers are the lack of predictability of work volume input, and the lack of completeness (quality) in the orders received from CLECs. Therefore, the continued use of The Hopper will be needed until better forecast from the CLECs is available. Also, a process was developed to provide feedback to the CLECs about their level of incomplete/incorrect orders. LSRs with incomplete or erroneous information make it necessary to request for clarification thus increasing the processing time and amount of rework..

II. PROJECT UPDATE

We completed the 22nd week of the project on August 15th. Phase III is now complete. All but one of the scheduled items are completed (48 Key items). The remaining 1 activity in Phase III is in progress and expected to be completed within the next two weeks. For more detail, look at project phases in this write-up and in the attached "Summary of Findings and Approach."

There are three areas of concentration:

1. **Operations Organization** – Along with Bill Bolt, Tom Moran, and Bill Thrasher we are developing the LCSC's management to increase the control of the work by having the managers internalize an employee follow-up routine. This will enable the managers to shift work where required, identify operating opportunities, maintain volumes, production numbers, backlog status, current employee skills, quality and service levels, and department capability.
2. **Support Organization** – Along with Eddie English and Diane Cheng we are developing the support organizations to continue to increase synergy with operations by aligning the organizations under singular measurable goals.
3. **Training and Development** - We are developing a new training organization that is responsible for the employee's continuous development process. There are shared responsibilities between the support and operating organizations for the management of the process. However, key employees responsible for continuous development will report directly to the heads of LCSC's operations and support. This enhancement in training is geared to further accelerate the preparation and delivery of training material, developing/installing/testing material covered in training, updating the content of the presentation as enhancements to products are made, and dramatically shortening the total learning cycle for all employees.

II. Operations Organization – Write up of key details:

A. Improved Control of the Work

Phase I, (Quick Results)

- Process Flows were developed to define the proper methods to process work and Backlog Controls were installed to understand and control work volume levels.

Phase II, (Main Installation)

- Process flows were validated and tested to ensure quality and accurate processing. In addition, work instructions were prepared which provide step by step instructions for order processing.
- Backlog Controls were enhanced to measure Service, Quality and Cost. Cost factor is measured as LSRs / Hour. Quality is measured by two methods: Percent First Time Quality and Service Orders pending on the Questionable Activity Report. Service indicators are measured by the gross cycle time of an LSR and the speed in which Service representatives answer the phone. A Director's Report has been installed that summarizes the key operating indices which are reviewed daily by the Center Directors.
- The Order Tracking System has been enhanced to provide greater definition to the types of LSRs being processed and the reasons that LSRs are going to clarification. The Order Tracking System is also providing data on processing duration and clarification duration.

Phase III, (Adjust and Follow up)

- A Procedures Manual was prepared documenting the system procedures utilized in LCSC. This manual defines the responsibilities and procedures for each step in the management of backlogs, quality, service and productivity. Copies of this manual will be provided to each director and the master will be given to the A.V.P.
- Another manual was prepared which contains the processing work instructions and process flows. This manual was given to the Training Coordinator, Carolyn Davis. A copy will be prepared for the LCSC Performance Manager, Judy Norris. Judy has been trained in the development of process flows and will be responsible for the maintenance of this manual.
- A CLEC evaluation was developed that tracks the percentage of clarifications, cancellations and duplications received from each CLEC. This data is pulled weekly from the LON order tracking system and presented to the Customer Support Managers. They will be responsible for working with the CLEC to correct these issues.
- Compliance Audits were created to follow up on the compliance to and utilization of LCSC management disciplines.

B. Management Behavior / Disciplines

Phase I, (Quick Results)

- Management Roles and Responsibilities were defined and work area layouts were designed.

Phase II, (Main Installation)

- The percent of time that the Managers spend with the team members increased from 12%, as measured during the Analysis; to 30% at the end of Phase I, to about 65%. This increased supervision improved first time quality and service demonstrated by a reduction in escalations by as much as ½ at the AVP level.
- A Continuous Development Process was developed to highlight and address employee training and/or skill deficiencies.
- New floor layouts were implemented into the 14th floor, in Birmingham. In Atlanta, a new work area layout was implemented for some employees, the remainder are awaiting a decision about a possible relocation of the operation.

Phase III, (Adjust and Follow up)

- The managers continue to utilize about 65% of their time supervising their people. This is an appropriate percentage of supervision.
- A work simulation of basic single line resale, (disconnect, new connect, switch "AS IS", and switch with changes) was administered to all LCSC personnel. The Hopper was utilized to perform this work simulation. Service representatives that performed below the expectation of error free processing received additional training and/or coaching.
- A Continuous Development Process was developed utilizing the Hopper as a work simulator. The work simulation enables management to evaluate two aspects of the service representative capabilities, quality and efficiency. Deficiencies in either of these areas would initiate a Performance Improvement Plan. This is the item that is still in process. Each service representative needs to go through the work simulation process for the types of orders that their team process. Based upon that work simulation Performance Improvement Plans should be initiated.
- Teams were initiated. Managers received training on the characteristics that constitute a team vs. a group. Each Team is installing communication boards which include the definition of the teams objectives with respect to quality service and productivity. Each day the Team Leader, (the manager) posts the actual performance for the previous day and has a brief team meeting.

C. Quality, Service and Labor Utilization

In Phase I, (Quick Results)

- The Hopper was developed, preliminary work estimates were developed and an approach to measure quality and service was established.

Phase II, (Main Installation)

- The Hopper was installed and is being used as a work simulation to evaluate Service Representative performance (Quality and Productivity) capabilities, and as a supplement to the workload to enable the managers to meet performance expectations.
- Work to Time Relationships (RE's) were established for each activity that the LCSC currently performs.
- Quality measures were established to measure each Service Representative.
- Service measures were established.
- Productivity improved 74% since first two weeks of Project, as measured in LSRs processed per hour.
- When measured by SOCS orders generated, the Productivity improvement was 94%.

Phase III, (Adjust and Follow up)

- The programming for the First Time Quality (FTQ) reporting is complete. Ron Moore will train managers this week and utilization by the managers is scheduled next week.
- Processing duration time has been reduced from 56.9 hours in May to 31.5 hours the first two weeks of August. This represents a 45% reduction. (see graph of LCSC Duration Time).
- The percentage of LSR's processed within 48 hours improved 58%. In May the percentage was 50%, the first two weeks of August the percentage is 79%. (see graph of LSR's FOC'D < 48 HOURS).
- Productivity has improved an additional 86% since completion of Phase II. Total productivity improvement is 160%, as measured in LSR's per hour. (see three part graph LSR's Per Hour).
- Productivity improved 140% when measured by SOC's orders per hour. (see three part graph SOC'S Per Hour).

IV Support Organization

A. Force Sizing / Forecast Feedback Loop

In Phase I, (Quick Results)

- An activity based force-sizing model was developed.

Phase II, (Main Installation)

- Defined and began tracking key forecast indicators by Resale, UNE and Complex.
- Changes made to Order Tracking System to provide more definition to types of LSRs being processed.

Phase III, (Adjust and Follow up)

- Developed Force Sizing model that incorporates performance to R.E.'s (reasonable expectations).

B. Project Schedule

In Phase I, (Quick Results)

- Defined what a Project Schedule should be, developed format and defined Key events.

Phase II, (Main Installation)

- Project Schedule developed with appropriate level of detailed activities to focus the actions of the support organization and better insure they are working on the appropriate items.
- Structured weekly staff meetings were installed with status reports. It also gives them the ability to get assistance on items that may be in danger of missing scheduled due dates.

Phase III, (Adjust and Follow up)

- Weekly staff meetings to assess project status have continued.

C. Capabilities

In Phase I, (Quick Results)

- The Hopper concept was developed to enable artificial work to be input in order to test capabilities.

Phase II, (Main Installation)

- The Hopper was installed into the LCSC operations and has provided the ability to not only tests the departmental theoretical capabilities but also the individual Service Representative capabilities.
- Staffing and demonstrated performance placed the LCSC capabilities at 1590 LSRs per day considering training, vacations and absenteeism.
- LSR volume was at 742 per day (June Average), of which 10% were Hopper orders.

Phase III, (Adjust and Follow up)

- Current demonstrated capabilities stand at 1625 LSR's per day considering 23% for training, vacations and absenteeism (see Capacity / Capabilities Chart).
- LSR volume is 1195 per day the first two weeks of August. 17% of this volume is Hopper orders. The LCSC should be capable of absorbing 42% more volume with no impact on service or quality. The additional staffing of 50 service representatives would increase this capability to about 100%.

V. Training and Development

A. Selection & Screening Process

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- Definition of skill requirements was defined and appropriate testing determined and installed to screen for these entry-level skills.

Phase II, (Main Installation)

- The expectations of a functional Service Representative were defined. A site visit for all new LCSC candidates will include a review of performance expectations (Quality and Efficiency).

Phase III, (Adjust and Follow up)

- On site visits will be hosted by the Performance Manager, Judy Norris.

B. Content of course material and testing

Phase I, (Quick Results)

- Developed comprehension tests to validate learning process and instituted some changes in the delivery and content of course material.

Phase II, (Main Installation)

- Developed work simulation evaluation using the Hopper to appraise Service Representative's capabilities (Quality and Efficiency).
- Created Modular Training agenda for Single Line Resale (DOE) that will reduce training time from six weeks to two weeks. For a few who do not pass the work simulation, there will be a follow up instruction for three days.
- All the modules have comprehension testing. The comprehension testing will be administered prior to the training and after the module has been delivered.
- LEO training module developed and delivered to increase capacity of LCSC to handle AT&T volume received through LEO.

Phase III, (Adjust and Follow up)

- Developed and delivered LENS training to 14 part time temps in Atlanta. This approach to inputting LSR's to LEO that are received for manual processing drastically reduces the training time to 8 hours and provides an excellent reserve capability.
- Developed training modules for Resale
 - * Single Line DOE
 - * Single Line SONGS
 - * Multiline DOE & SONGS
 - * Belinda Miller, (trainer) used the SONGS training materials in her most recent training class.
- Training modules for Unbundled Network Elements and Complex Services still require development.

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In Phase I, (Quick Results)

- The Hopper concept was developed to enable artificial work to be input in order to test capabilities.

Phase II, (Main Installation)

- The Hopper was installed into the LCSC operations and has provided the ability to not only tests the departmental theoretical capabilities but also the individual Service Representative capabilities.
- Staffing and demonstrated performance placed the LCSC capabilities at 1590 LSRs per day considering training, vacations and absenteeism.
- LSR volume was at 742 per day (June Average), of which 10% were Hopper orders.

Phase III, (Adjust and Follow up)

- Current demonstrated capabilities stand at 1625 LSR's per day considering 23% for training, vacations and absenteeism (see Capacity / Capabilities Chart).
- LSR volume is 1195 per day the first two weeks of August. 17% of this volume is Hopper orders. The LCSC should be capable of absorbing 42% more volume with no impact on service or quality. The additional staffing of 50 service representatives would increase this capability to about 100%.

V. Training and Development

A. Selection & Screening Process

Phase I, (Quick Results)

- Definition of skill requirements was defined and appropriate testing determined and installed to screen for these entry-level skills.

Phase II, (Main Installation)

- The expectations of a functional Service Representative were defined. A site visit for all new LCSC candidates will include a review of performance expectations (Quality and Efficiency).

Phase III, (Adjust and Follow up)

- On site visits will be hosted by the Performance Manager, Judy Norris.